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THE IMPORTANCE OF BUILDING SITES FOR
DETERMINING INDUSTRIAL CONSTRUCTION COSTS IN USSR

The proper selection of a site for building industrial enterprises has an important effect on the cost of construction. An analysis of general estimates of industrial construction demonstrates that almost all expenses for construction and assembly work depend on the natural and local circumstances governing a particular site. The extent of these expenses averages 60 percent of the cost of all capital construction and can be broken down in the following manner:

Items of Expense	Total in Percent of General Estimate	Including	
		At the Industrial Site	Outside the Site
Industrial buildings	20	20	--
Auxiliary buildings	10	8.5	1.5
Buildings, structures, and networks of power supply, transport, water supply, sewerage and other communications, repairs and improvement of plant territory	10	7	3
Residential constructions	20	--	20
Total	60	35.5	24.5

- 1 -

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A new statute governing the selection and approval of sites for industrial construction is designed to further the reduction of construction costs. Up to now, in the majority of cases, the only expenses connected with the construction site were those which went directly into the preparation and development of the plant area itself. They included excavation, drainage, setting up barriers against floods and landslides, clearing the site of existing buildings, trees, etc. Expenses for extra-long intraplant tracks and engineering facilities, and the high-cost installation of foundations and networks at sites under complex engineering and geological conditions are also usually included. The extent of these extra expenses can be judged by the fact that it costs 1.5-2 times more to install a sewage collector in soggy than in ordinary ground, depending of course on the diameter of the pipes. The cost of all tracks and engineering facilities at a machine building plant site amounts to approximately 200,000 rubles for one hectare. The total expenses immediately connected with the development of a site reaches 4-5 percent of the general estimate.

The selection of a site has a much greater influence on construction costs than indicated by the expenses listed in the previous paragraph. A new enterprise cannot be built without laying roads, without a water supply, power, and steam, without housing for workers and without organization of an industrial base for construction. These expenses for the so-called industrial improvement of the region, depending upon the degree of development of the construction region, amount to 24.5 percent of the cost of the enterprise.

The extent of these expenses depends on whether a particular enterprise must build and operate all the necessary structures and installations itself, or whether it can cooperate with other new enterprises in the region. Such cooperation can be achieved in the construction of Tets, water pipes, sewage, repair workshops, public buildings, and engineering facilities for new settlements.

The cost of units which can be built in cooperation with other enterprises amounts to 10-15 percent of the total cost of construction, since expenses for public buildings, engineering facilities, and the improvement of a settlement make up 30 percent of the total capital investment in residential construction.

The selection of a site for each industrial enterprise cannot be made apart from decisions for the development of a region as a whole. Expenses are greater if they are carried by only one enterprise. In the majority of instances, a new region can best be developed by a group of enterprises forming an industrial center. When enterprises work separately, they may have to increase the length of water pipes, sewage, heating and power networks, and also railroad tracks and automobile highways. The cost of all these in 100,000 to 200,000 rubles for one kilometer. The new statute on the selection and approval of sites for the construction of industrial enterprises facilitates solution of the problem.

First of all, the planning organizations must make careful and thorough preliminary studies before selecting a site. The new statute foresees the agreement of Gosplan to the region and place of construction. Agreement with Gosplan will reduce the instances of disharmony between terms of construction by separate enterprises united in one industrial center, and will also enable all expenses connected with the development of a region to be fully utilized. Careful study of the regions must of course precede all decisions.

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- 2 -

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